PRODUCTIVITY IN EDUCATION: CAN IT BE MEASURED? PAGES 16-17

Exclusive interview with PETER R. DENTON, centerspread

School Reform News

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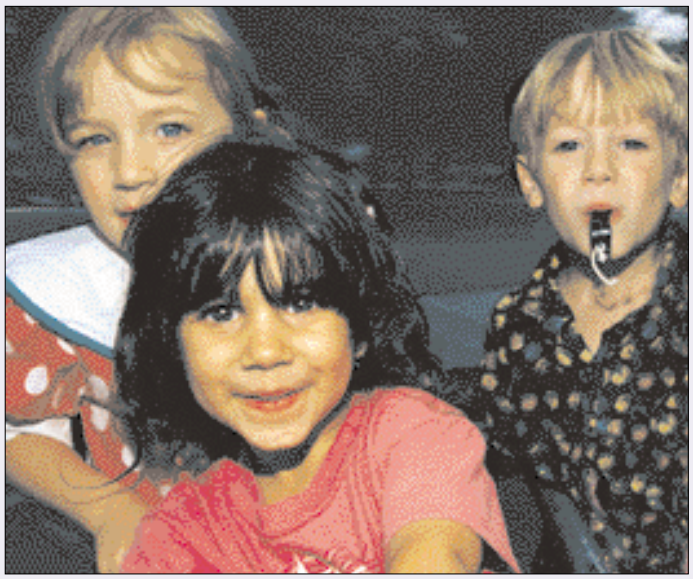
Vouchers Dramatically Improve Milwaukee Public Schools



Competition benefits all children, study says

BY GEORGE A. CLOWES

As Milwaukee families were given new access to vouchers and other education options in the late 1990s, students in the Milwaukee Public Schools (MPS) were not "left behind," as voucher opponents predicted.

According to a new study by the Milwaukee-based American Education Reform Council, those students were in fact lifted up by the positive response of public schools to the injection of competition into the education marketplace. The schools' response included reforms that have proven virtually impossible to implement in most other urban school districts, such as funding schools according to student enroll-

MILWAUKEE continued on page 6

U.S. Scores Still Mediocre on New International Test

Big surprise: Girls outshine boys in reading literacy

BY ROBERT HOLLAND

A new international test designed to gauge 15-year-olds' ability to apply what they've learned in reading, mathematics, and science shows U.S. performance to be distinctly mediocre.

Scores of American students generally were in the mid-range of those collected for 32 nations by the Program for International Student Assessment (PISA), sponsored by the Paris-based Organization for Economic Cooperation and Development (OECD).

Unexpected Gender Gap

The most eye-opening PISA results, however, were deep in the report and generated few, if any, headlines. Despite claims by groups like the American Association of University Women of a "gender gap" in education favoring males, 15-year-old girls scored higher than boys in combined reading literacy in all 31 nations for which those particular data were presented. And in every case, the female/male difference in scores was at statistically significant levels.

MEDIOCRE continued on page 8

HOPE Tax Credits Bring Increased Regulation

Tax credits for college tuition raise regulatory burden, exclude poor

BY GEORGE A. CLOWES

Although some policy analysts have claimed tuition tax credits for K-12 education are less likely to bring increased regulation to private schools than other reforms, such as school vouchers, a recent study of the effects and consequences of the 1997 HOPE Scholarship Program for higher education effectively refutes such claims.

In his April 2001 analysis of the HOPE Scholarship Program, Thomas R. Wolanin, a senior associate for the Institute for Higher Education Policy, called the program "a cautionary tale" with a message that should inform and guide policymakers in federal higher education. Wolanin's analysis also provides a cautionary message for policymakers in K-12 education who have embraced tax credits over school vouchers as a reform strategy for public education.

As well as putting individual taxpayers under increased scrutiny from the Internal Revenue Service, the HOPE program has greatly increased the administrative burden imposed by the federal government on institutions of higher learning—a burden likely to increase as the revenue focus of the IRS supersedes the traditional educational focus of federal student aid programs.

Regulatory Burden

"The burden imposed by the HOPE tax credit far exceeds any federally imposed burden that we have encountered previously," complained Stanley O. Ikenberry, president of the American Council on Education, in a 1998 letter to then-Treasury Secretary Robert E. Rubin.

The IRS requires educational institutions to report the names, addresses, and Social Security numbers of all their students, as well as whether the students are enrolled at least half time. In addition, the institutions must supply all students with a copy of their individual statement (Form 1098-T).

According to the IRS, the annual reporting burden of producing Form 1098-T and sending it to the IRS and 21 million taxpayers is 2.4 million hours. The institutions found they also were burdened by a deluge of inquiries from students and their families when they first received the new Form 1098-T in the mail.

HOPE continued on page 13

INSIDE SRN

4 NCATE Objects to *SRN* Report
5 Schools More Segregated than Ever
7 Redefining "Public Education"
8 Catholic Schools Achieve
12 Education Industry Roundup
14 State Education Roundup
18 Summary: No Child Left Behind

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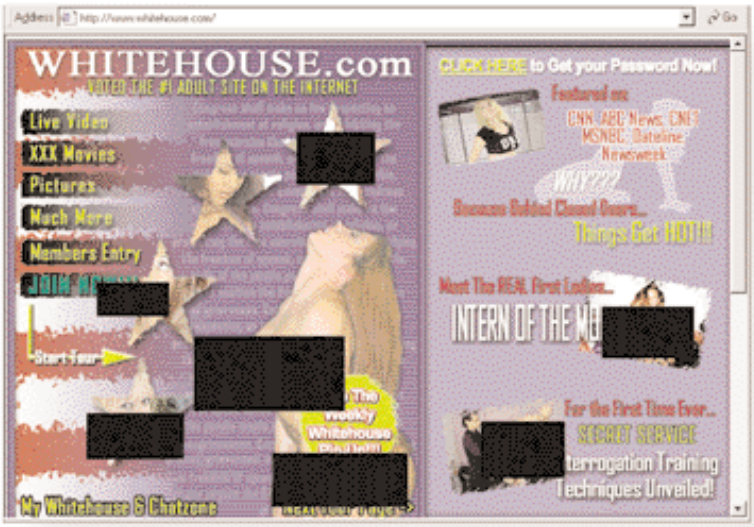

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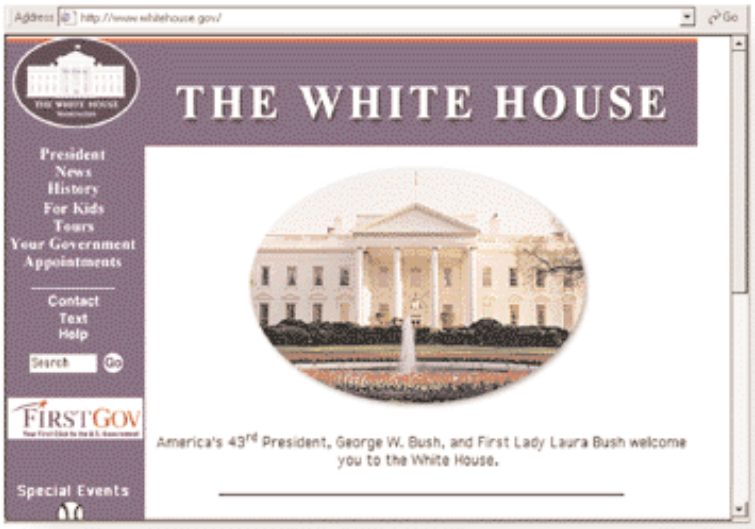

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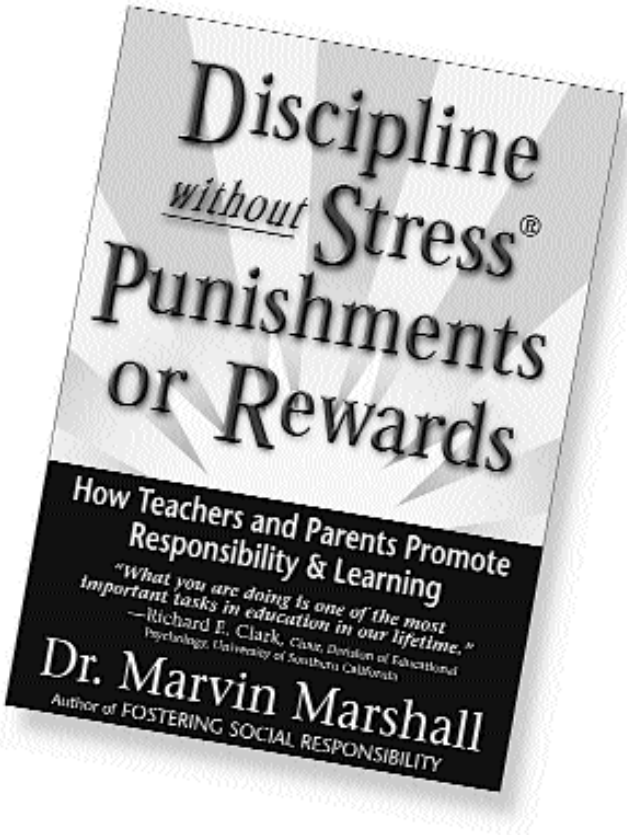
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NCATE Objects to *SRN* Report

BY GEORGE A. CLOWES

Donna M. Gollnick, senior vice president of the National Council for Accreditation of Teacher Education (NCATE), recently contacted *School Reform News* regarding an article about NCATE's standards and diversity by contributing editor Robert Holland. (See "New Teachers Face NCATE Litmus Test on Diversity," *School Reform News*, January 2002.)

Gollnick objected to Holland's comment that "the new NCATE standards have little to say about raising student achievement." In NCATE's system, she said, "content knowledge and skill in teaching come first."

The article in question provides an account of what was said at the annual conference of the National Association for Multicultural Education last November, where Gollnick addressed a preconference institute on "Knowledge Bases for Cultural Diversity in Teacher Education: Meeting the NCATE Standards for Diversity."

According to the conference program, the institute "is designed to assist higher education administrators in redesigning their teacher education program to meet the National Council for Accreditation of Teacher Education (NCATE) standard on diversity, with an emphasis on curriculum. Registration includes a copy of 'Common Sense About Uncommon Knowledge' by G. Pritchy Smith."

Although NCATE's standards were prepared to run as a sidebar to the January article, they were not published because of space limitations. That oversight is corrected here, where readers will note that content knowledge and skills are among several specifications in NCATE's first standard. While the standards do call for doing much "to help all students learn," there is no specific language about the *level* of student achievement.

NCATE Standards

The accreditation standards developed by the National Council for Accreditation of Teacher Education are detailed in the January 2001 report, "Professional Standards for the Accreditation of Schools, Colleges, and Departments of Education," available for viewing at NCATE's Web site at http://www.ncate.org/2000/2000stds.pdf. There are six standards:

Standard One: Candidate Knowledge, Skills, and Dispositions
Candidates preparing to work in schools as teachers or other professional school personnel know and demonstrate the content, pedagogical, and professional knowledge, skills, and dispositions necessary to help all students learn. Assessments indicate that candidates meet professional, state, and institutional standards.

Standard Two: Assessment System and Unit Evaluation
The unit has an assessment system that collects and analyzes data on applicant qualifications, candidate and graduate performance, and unit operations to evaluate and improve the unit and its programs.

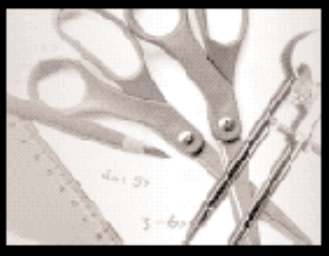
Standard Three: Field Experience and Clinical Practice
The unit and its school partners design, implement, and evaluate field experiences and clinical practice so that teacher candidates and other school personnel develop and demonstrate the knowledge, skill, and dispositions necessary to help all students learn.

Standard Four: Diversity
The unit designs, implements, and evaluates curriculum and experiences for candidates to acquire and apply the knowledge, skills, and dispositions necessary to help all students learn. These experiences include working with diverse higher education and school faculty, diverse candidates, and diverse students in P [preschool] -12 schools.

Standard Five: Faculty Qualifications, Performance, and Development
Faculty are qualified and model best professional practices in scholarship, service, and teaching, including the assessment of their own effectiveness as related to candidate performance; they also collaborate with colleagues in the disciplines and schools. The unit systematically evaluates faculty performance and facilitates professional development.

Standard Six: Unit Governance and Resources
The unit has the leadership, authority, budget, personnel, facilities, and resources, including information technology resources, for the preparation of candidates to meet professional, state, and institutional standards.

Building Math Power



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"[O]ne small group of education policymakers is shifting to an altogether new tack: to desegregate schools on the basis of income, not race."

Despite 50-Year Effort, Schools Become More Segregated

Search for better remedies includes school choice

BY KELLY AMIS

Half a century of attempting to improve the academic achievement of African-American students and better integrate American society through the desegregation of public schools has proven largely disappointing.

The achievement gap between black and white American students remains wide and glaring. Moreover, according to an August 2001 Census Bureau Report, the black population in the U.S. remains highly concentrated geographically.

Supporters of school choice contend relatively new and non-compulsory reforms, such as charter schools and publicly financed voucher programs for low-income students, are already proving better able to serve minority students and create more integrated schools. Others believe the goals of desegregation should still be pursued, and can be attained, through the traditional K-12 public education system.

And one small group of education policymakers is shifting to an altogether new tack: to desegregate schools on the basis of income, not race.

Achievement Gap

While the debate over the value of forcing school desegregation continues, the lingering achievement gap between black and white youngsters is indisputable.

Almost 50 years after the U.S. Supreme Court ruled in favor of desegregating schools, research reveals today's African-American high school seniors perform at the academic equivalent of white eighth-grade students. Black students are more likely than white students to be labeled "learning disabled," and less likely to graduate from high school than their white peers (54 versus 78 percent nationally).

The high hopes for desegregation policies to improve black students' educational success were mitigated over the last few decades partly due to a "white flight" that left some cities' schools with a diminishing tax base and higher concentration of minority families. Additionally, white families who remained in cities may have been given a free pass from local school officials responsible for integrating city schools, who placed the primary responsibility for integrating schools on black children and their families.

Busing Burdened Blacks

Such was the case in Milwaukee, Wisconsin, according to Dr. Howard Fuller, founder of the Institute for the Transformation of Learning and the Black Alliance for Educational Options.

Fuller's 1985 research showed the Milwaukee Public Schools system (MPS) deliberately limited the number of white students bused involuntarily and placed the greatest burden of busing on African-American students. His findings were explicitly confirmed in 1999, when the officials who designed Milwaukee's school busing plan in the early 1970s publicly admitted the plan had been set up for "white benefit" at the expense of black children.

The then-superintendent of MPS confessed it had been "an issue of how do we least disrupt the white community." By 2000, the issue of Milwaukee's desegregation was "largely moot because of the scarcity of white students [enrolled in MPS]," according to the *Milwaukee Journal-Sentinel*.

Segregation Has Increased

A July 2001 report by Harvard University's Civil Rights Project revealed school segregation continued to intensify nationwide during the 1990s.

According to Gary Orfield, co-director of the Civil Rights Project, some 70 percent of U.S. black students now attend schools where the minority enrollment is over 50 percent, and more than one-third of black students attend a school where the minority enrollment is between 90 and 100 percent. White students on average attend schools where more than 80 percent of the enrollment is white and less than 20 percent are from all other racial and ethnic groups combined.

Not surprisingly, those data coincide with recent census data showing black America is still highly concentrated geographically. The broader social goal of desegregation—to create a more integrated society—has proven elusive as well.

According to the Census Bureau's report, "The Black Population," while African-Americans constitute about 13 percent of the nation's total population, 64 percent of all U.S. counties have fewer than 6 percent black residents. In 96 counties, 95 of which are located in the South, blacks comprise 50 percent or more of the population.

The 10 largest cities in the U.S. are home to 20 percent of the total African-American population. Of these, Detroit has the largest proportion of African-Americans (83 percent), followed by Philadelphia (44 percent) and Chicago (38 percent).

Forced Desegregation by Race and Income

To curtail "racial and ethnic polarization and educational inequalities," the Civil Rights Project recommends policies that include expanding the federal magnet school program, imposing desegregation rules on charter schools, and supporting research, advocacy, and litigation to continue local desegregation plans.

Orfield says "evidence exists that desegregated schools both improve test scores and positively change the lives of students, and that Americans increasingly express support for integrated schools."

"70 percent of U.S. black students now attend schools where the minority enrollment is over 50 percent, and more than one-third of black students attend a school where the minority enrollment is between 90 and 100 percent."

While the debate over the merits of compulsory race-based desegregation of American schools is likely to continue for some time, some school officials have turned their attention to *economic* desegregation as a way to reduce stubborn achievement gaps.

Cambridge, Massachusetts is the latest district to adopt a plan to systematically place low-income students next to their more affluent peers, hoping the exposure will increase their academic performance.

Richard Kahlenberg of the Century Foundation, an outspoken proponent of economic desegregation, believes "all school children in America should have a right to attend a solidly middle-class public 'common school.' Not a right to middle-class parents, or a right to live in a middle-class neighborhood, or a right to a middle-class income and lifestyle. But every child in the United States—whether rich or poor, white or black, Latino or Asian—should have access to the good education that is best guaranteed by the presence of a majority middle-class student body."

Educational Choice Proposed

Others contend the policy focus should be shifted to creating new and better educational opportunities that minority students can voluntarily choose. This, it is argued, will not only reduce the achievement gap but render more integrated schools as well.

The proponents of choice also note today's parents are more concerned with academic achievement than whether their child's school is integrated.

A 1998 Public Agenda survey, "Time to Move On: African-American and White Parents Set an Agenda for Public Schools," revealed that about three-fourths of both black and white parents believe that "too often, the schools work so hard to achieve integration that they end up neglecting their most important goal: teaching kids." (See "Parents Prefer Academics Over School Integration," *School Reform News*, November 1998.)

Kaleem Caire, president and CEO of the Black Alliance for Educational Options, is one such parent.

"We have spent far too many years limiting our social engineering practices within our schools to sitting children next to each other in a classroom and calling that integration," explains Caire, "What we should be doing is making sure that each child sitting in our classrooms has access to the very best educational opportunities we can provide for him or her both within and outside the schools."

Latino View: Serve Student Needs

Similar thoughts have been voiced by leaders of the Latino community, which is adding its own chapter to the school integration debate in America.

A relatively small population during the height of the federal school desegregation effort, the Latino student population has increased by 245 percent since 1968. Anthony Colón, vice president of education programs for the National Council of La Raza, observes Latino students also are lagging well behind white students academically, and dropping out of school at alarming rates.

Colón believes charter schools hold strong promise for providing Latino children with educational opportunities that will begin to turn this around. He is more concerned the schools serve student needs than with the diversity of their population.

"I don't think that having children from the same ethnic group is harmful, unless it's a forced kind of thing, and this certainly isn't forced," he says. The National Council of La Raza recently announced it had raised $10 million to help launch some 50 new charter schools to be aimed at Latino students.

Kelly Amis, former program director for The Thomas B. Fordham Foundation, is now president of Education Allies, a new nonprofit organization that provides research and advisory services to education donors. Her email address is KLAmis@aol.com.

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MILWAUKEE continued from page 1

ment and assigning teachers according to criteria other than seniority.

"The evidence is increasingly clear that MPS students have made significant academic gains between 1997 and 2001, the period of the most rapid expansion of school choice," wrote elected MPS school board member John Gardner in the January 2002 report, *Milwaukee's Public Schools: The Untold Story of America's Newest Democratic Revolution.*

Acknowledging the Competition

Two longtime critics of school choice conceded MPS has responded positively to the new education options available to parents. *Rethinking Schools* editor Bob Peterson, an MPS teacher, told Wisconsin Public Radio he believed choice had been a factor in encouraging positive change at MPS.

"I really hate to say this because I'm not a choice supporter, but I do think that the threat of choice did force the public school system to make changes," Wisconsin State Rep. Christine Sinicki (D-Milwaukee) told the *Milwaukee Journal Sentinel*. A former MPS board member, Sinicki said: "If John Gardner believes the school district has improved, the public can believe it."

Gardner, a left-wing labor organizer, is the most senior member of the MPS board, first elected in 1995 with 52 percent of the vote. He was re-elected in 1999 with 60 percent of the citywide vote, and with the largest victory margin ever recorded in a citywide MPS election.

"Milwaukee's democratic revolution in redefining American public education has strengthened all educational sectors, including Milwaukee Public Schools, surrounding districts, all denominations of religious schools, and all varieties of independent schools," Gardner concludes.

Predictions Wrong

A positive outcome is not what school choice opponents predicted would result if parents were given tax-funded vouchers in the nation's twelfth largest public school system. Voucher foes warned of devastating educational and financial consequences: declines in enrollment, less state education money coming to MPS because of vouchers "siphoning off" tax dollars, budget restrictions, and lower academic performance for MPS students "left behind" in the wake of the voucher program.

By raising fears of such destructive potential, opponents convinced many school vouchers should never be unleashed at all, or at most should be studied only in small experiments under tightly controlled conditions. However, after years of legal wrangling, the Wisconsin Supreme Court decided in favor of the program on June 10, 1998. The full force of the Milwaukee Parental Choice Program was unleashed on the city's public schools.

According to Gardner's report, which examines both recent and longer-term effects of the program, none of the predictions made by voucher opponents has come true.

Gardner reports that the percentage of students scoring proficient on state tests increased in all 15 categories between 1998 and 2001, the period when tax-supported school choice options were expanding most rapidly for families in Milwaukee. In addition, MPS students improved their performance on 11 of 15 standardized tests where their achievement was compared to a national sample. Significantly, these gains came even as the number of MPS students from minority and low-income backgrounds increased.

Examining the effect of the voucher program since its inception, Gardner provides other evidence contradicting the assertion that school choice would hurt public schools. In fact, 11 years of data show just the opposite:

- MPS enrollment is up by 4,576 students since 1990.
- MPS now educates an increased proportion of K-12 students in Milwaukee, with current market share at 80 percent compared to 78 percent in 1990.
- Real spending per pupil is up 24 percent.
- State support for MPS is up 61 percent, even after adjusting for inflation.
- The state now provides 67 percent of MPS spending, compared to 54 percent in 1990.

Systemic Change

The expansion of choice has brought systemic changes to MPS that have proven virtually impossible to implement in other major urban districts, notes Gardner. For example:

- Since dollars follow students, schools must actively recruit them, making the schools more responsive to local communities, more communicative with parents, and more attentive to students.
- Individual schools now control over 95 percent of the district's operating budget, with many spending decisions made by principals.
- Teachers are no longer assigned by seniority, but are hired by school selection committees.
- A new program enables substandard teachers to be retrained or terminated.
- Under a similar program, ineffective principals are demoted or persuaded to resign.

"None of these improvements would have occurred without the impact of expanded parental options that transformed public education to a multi-sector delivery system," writes Gardner. The increased choice options and the positive results have led to "a dramatic change in how citizens view public education."

"Milwaukee has redefined the concept [of public education]," Gardner concludes, "and has shown that competitive, multi-sector delivery strengthens, rather than threatens, public education, the Milwaukee Public Schools, and democratic civic culture."

Changing the Debate

Despite the improvements, Gardner cautions much more progress is needed. MPS remains a district where overall academic achievement is "unacceptably low" and the high school graduation rate is among the nation's lowest, particularly among African-American and Hispanic students.

It is time, he argues, to move beyond debates about which schools should be included in the traditional definition of American public education. The most important division among schools is simply whether they are good or bad.

"We instead should attend to the more pressing task of ensuring effective instruction and necessary enculturation for the poor urban children who remain tragically tracked for failure within obsolete, failed government monopolies that are as outmoded as they are unjust," Gardner declares.

The more urgent challenge, he argues, is addressing "the persistent inequalities that mean most poor children, in most American cities, will never learn to read, write, or calculate well enough to function as citizens, workers, or parents."

Tax-Funded School Choice Options in Milwaukee 1990-2002

2001-02 Enrollment	New options since 1990
1,500	Open enrollment in other school districts
2,400	New MPS partnership schools
3,600	New city- and university-authorized charter schools
7,000	New MPS-authorized charter schools
10,900	Private independent and religious schools (voucher program)
18,000	New MPS specialty, early childhood, and K-8 schools
43,400	Total

One-third of Milwaukee's K-12 students are in choice schools.

For more information…

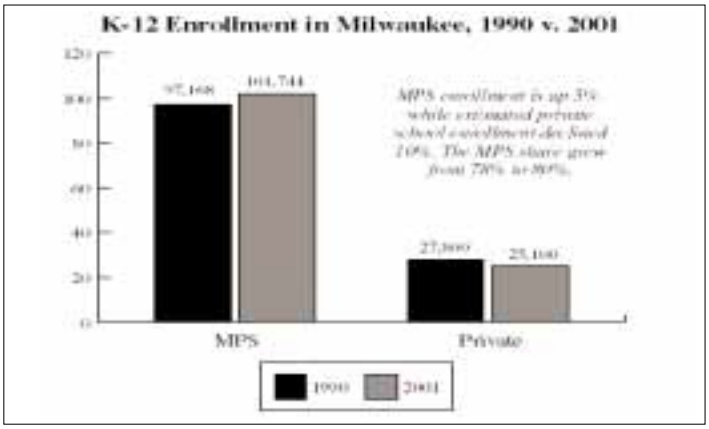
WWW John Gardner's report, *Milwaukee's Public Schools: The Untold Story of America's Newest Democratic Revolution*, is available from the Web site of Marquette University's Institute for the Transformation of Learning at **www.schoolchoiceinfo.org/hot_topics/pdf/83.pdf.**

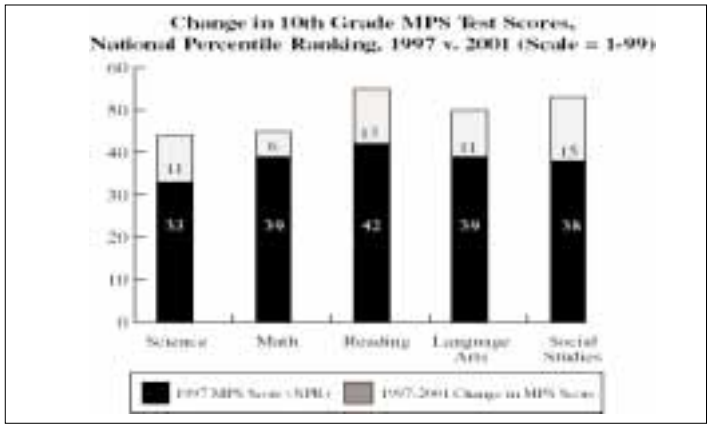
The SchoolChoiceInfo.org Web site offers a Media Kit about the Cleveland voucher case, prepared by the Institute for Justice, Milton & Rose D. Friedman Foundation, and Institute for the Transformation of Learning. It addresses key issues at stake in the case, pending before the U.S. Supreme Court, as well as facts about the programs in Cleveland, Milwaukee, and Florida. The Kit is available at **www.schoolchoiceinfo.org/supremecourt.**

Caroline M. Hoxby's paper, "School Choice and School Productivity (or Could School Choice Be a Tide that Lifts All Boats?)," is available in an abridged version at **www.educationnext.org/20014/68.html.** An unabridged version also is available, at **www.educationnext.org/unabridged/20014/hoxby.pdf.**

The 1998 Wisconsin Supreme Court decision in *Jackson v. Benson* is available at **www.courts.state.wi.us/html/sc/97/97-0270.HTM.**

The Democratic Leadership Council's views on education reform are available at **www.ndol.org/ndol_ka.cfm?kaid=110.**





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"A Stubborn Unwillingness to Concede"

In his report detailing the positive effects of school vouchers on Milwaukee Public Schools (MPS), school board member John Gardner notes editors and reporters at the city's major paper, the *Milwaukee Journal-Sentinel*, "once expressed considerable skepticism about the school choice movement."

However, in news stories over the past two years about improvements at MPS, editors have recognized that competition from vouchers has strengthened the hands of reformers.

A January 21 editorial concurred with Gardner's argument that "many of the improvements in MPS came about in part *because* of the controversial policy of applying public funds to tuition at private schools for low-income students, not despite the policy."

The editorial continued: "In fact, the link between school choice and MPS improvement seems so obvious that its denial strikes us as reflecting a stubborn unwillingness to concede anything good can come from vouchers."

Back to Court

Just 11 days earlier, a group opposed to the voucher program took it back to court again, petitioning the Wisconsin Supreme Court to overturn its 1998 decision, in *Jackson v. Benson*, upholding the constitutionality of the program and allowing it to expand to include religious private schools.

The petition contends Justice Jon Wilcox was not impartial in helping render the 4-2 decision and so should not have participated in making it. The charge relates to Wilcox's 1997 re-election campaign, when he received thousands of dollars from school choice supporters. Wilcox said two years ago he might have withdrawn from the school choice case if he had known about this financial help. The suit contends he should have known.

The court—excluding Wilcox—will hear responses to the petition and then meet to decide what to do.

As well as this new court battle, there is a continuing campaign on the part of voucher opponents to impose further rules, regulations, and oversight on the operation of voucher-accepting private schools. Existing statutes and administration must be strengthened, voucher opponents contend, to ensure the schools are "accountable" to the public.

That issue would appear to have been settled by the 1998 *Jackson* decision, when the state supreme court determined:

- Existing statutes provide "more than sufficient control and accountability...to ensure that the program serves the public purpose to which it is directed."
- The state "need not, and in fact is not given the authority to impose a 'comprehensive, discriminating, and continuing state surveillance' over the participating" choice schools. To do so, the Court said, could "result in an excessive governmental entanglement with religion" that is not constitutionally permitted.

As voucher supporters reminded state legislators in a September 2000 letter, "These determinations, by Wisconsin's highest judicial tribunal, are not ambiguous."

Democrats Redefine Public Education

The Democratic Party and its national candidates are generally opposed to the idea of school choice and the use of publicly funded school vouchers. Notable exceptions at the local level are strong school choice supporters John Norquist, mayor of Milwaukee, and John Gardner, Milwaukee school board member.

In a recent report, Gardner calls for a redefinition of public education to include multiple providers, both public and private.

The Democratic Leadership Council (DLC) has issued a similar call for redefining public education. That request has fallen on deaf ears among national party leaders.

"We should rid ourselves of the rigid notion that public schools are defined by who owns and operates them," stated the DLC. "In the 21st century, a public school should be any school that is of the people (accountable to public authorities for its results), by the people (paid for by the public), and for the people (open to the public and geared toward public purposes).

> **"In the 21st century, a public school should be any school that is of the people, by the people, and for the people."**
>
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Catholic Schools Achieve High Marks at Low Costs

Significant and effective players in American education

BY HANNA SKANDERA AND RICHARD SOUSA

Historically, Catholic schools have played a significant role in educating America's children. They continue to be important and effective players in the field today, despite substantial changes in the size and makeup of the Catholic school student body over the last four decades.

Not only do Catholic schools continue to advance the academic, religious, and moral development of the students in their care, research shows, they do it at less than half the cost of the public schools.

Catholic schools are characterized by a strong sense of community, high academic standards, and a committed faculty. Students are disciplined and orderly. Academic achievement is notable, particularly among inner-city African-American families, where parental satisfaction also is high.

The number of children Catholic schools educate has fallen in recent decades. It peaked in 1960, when about one in every seven U.S. children attended a Catholic school; by 1999, that ratio had fallen to nearly one in 20. The composition of the student body underwent a dramatic change. (See Table 1 on the following page.)

Enrollment changed in terms of race, ethnicity, and religion. For example, in the 1970-71 school year, minority enrollment in Catholic schools was 12.2 percent of total enrollment. In the 1999-2000 school year, by contrast, minority enrollment had nearly doubled, to 22.3 percent. In 1970 only 2.7 percent of Catholic school enrollment was non-Catholic; by 2000, that number had risen to 13.4 percent. (See Table 2 and Figure 1.)

Student Outcomes

A 1990 RAND study of Catholic schools and public schools in New York City showed very different outcomes for the minority and disadvantaged youth they attracted. Nina Shokraii-Rees summarized the differences as follows:

- Catholic high schools graduated 95 percent of their students each year; the public schools graduated only slightly more than 50 percent of their senior classes.
- More than 66 percent of the Catholic school graduates received the New York Regents diploma; only about 5 percent of the public school students received that distinction.
- Catholic school students achieved an average combined SAT I score of 803; the average com-

CATHOLIC continued on next page

MEDIOCRE continued from page 1

The size of the gap between males and females in reading literacy in the U.S. (29 points) was similar to that of other OECD nations, except Finland, where the difference favoring females was 51 points.

OECD is an organization composed primarily of the industrialized nations. Third World countries like Afghanistan, where women often have been deprived of formal education, were not part of this study.

"Patterns of gender differences in student achievement by subject matter and across countries can point to areas of strength and weakness within educational systems seeking to provide equal access to learning for both males and females," stated the PISA report, titled *Outcomes of Learning.*

If that is the case, the PISA findings show that at least in the developed, Westernized world, educators might usefully examine what causes young males to lag so far behind in the ability to read, the skill crucial to all other learning and to personal fulfillment.

Of course, gender-equity advocates in the U.S. have dwelled mostly on the disadvantage they say girls suffer in mathematics and science. However, the PISA data show that in the main there is not a huge gap. In the U.S. and 16 other nations, the math proficiency of males and females was similar—that is, there was no statistically significant difference in scores. In 14 countries, males did perform significantly better than females, with especially large gaps in Austria, Korea, and Brazil.

In science literacy, there were few real differences between males and females. In Austria, Denmark, and Korea, boys outscored girls. In Latvia and New Zealand, girls outscored boys. In all the rest, including the U.S. (where girls had slightly higher scores) there were no statistically significant differences.

"Real-World" Challenge

PISA, which will be administered every three years, focuses on what 15-year-olds have learned in and out of school enabling them to perform such "real-world" tasks as reading a newspaper, interpreting charts and graphs, and solving practical problems. It will supplement, not replace, such measures of in-school learning as the Trends in International Mathematics and Science Study (TIMSS) and the National Assessment of Educational Progress (NAEP), which has been administered to samples of U.S. children the past 30 years.

Viewed through rose-colored lenses, the consistently middle-of-the-pack ranking for the U.S. on PISA data could be seen as good news. After all, a separate OECD study released a year ago found that among 18 industrialized nations the U.S. ranked dead last in the literacy of 16- to 25-year-old high school graduates who did not go on to post-secondary studies.

U.S. Secretary of Education Rod Paige, however, would have none of equating mediocrity with social progress. "In the global economy," he remarked, "these countries are our competitors. Average is not good enough for American kids."

The combined reading literacy score for U.S. children was 504 (on a scale of 0 to 1000, with the average score being 500). Skills tested were the ability to retrieve information, interpret texts, and reflect on what had been read.

The 14 nations scoring higher in reading than the U.S. were Finland, Canada, New Zealand, Australia, Ireland, Korea, United Kingdom, Japan, Sweden, Austria, Belgium, Iceland, Norway, and France. The U.S. ranked 18th in math (with Japan, Korea, and New Zealand at the top), and 14th in science (with Korea, Japan, and Finland 1-2-3).

Bad Attitudes

PISA also sought to examine student attitudes toward learning. A perhaps telling finding is that only 30 percent of U.S. 15-year-olds regarded reading as a favorite hobby, a figure lower than that for most OECD countries. In Mexico, 62 percent of the students said reading is a favorite hobby.

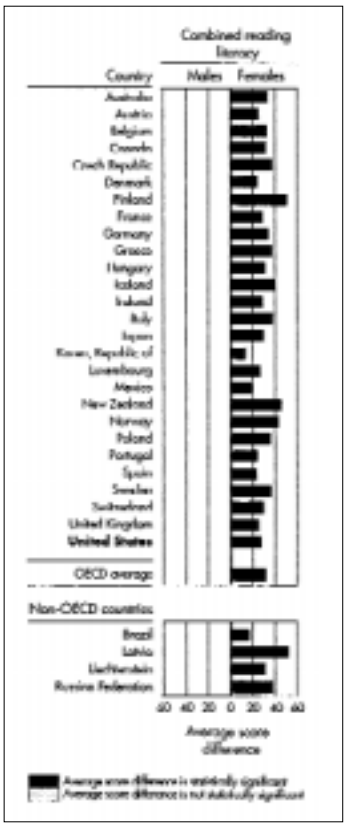
In every one of the countries, females agreed more often than males that reading is a favorite hobby. In the U.S., 37 percent of females and just 22 percent of males gave reading that kind of priority in their lives.

In 2003, PISA will examine students' ability to solve problems, and in 2006 it will look at students' proficiency in using information and communications technologies. Reading, math, and science will continue to be assessed as well in an attempt to develop trend lines useful to the participating countries.

Robert Holland is a senior fellow at the Lexington Institute, a public policy think tank in Arlington, Virginia. His email address is rholl1176@yahoo.com.

For more information…

WWW The report from the Program for International Student Assessment, *Outcomes of Learning: Results From the 2000 Program for International Student Assessment of 15-Year-Olds in Reading, Mathematics, and Science Literacy*, is available for downloading at **http://nces.ed.gov/surveys/pisa.**



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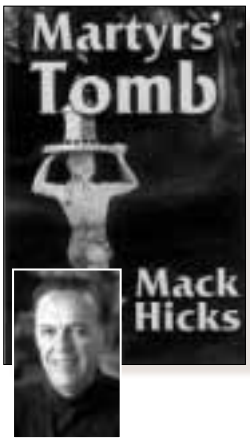

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Fearless Reviews

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CATHOLIC continued from previous page

bined SAT I score for public school students was 642.
- Sixty percent of African-American Catholic school students scored above the national average for African-American students on the SAT I; less than 30 percent of public school African-American students scored above the average.

Selectivity Bias

Early studies comparing Catholic and public schools often were discounted by critics who argued the differences were a result of selectivity bias, claiming the Catholic schools leave the worst-performing and worst-behaved students in public schools. But when Derek Neal at the University of Chicago analyzed U.S. Department of Education data and took that potential bias into account, he found the Catholic school advantage was still evident, with Catholic schools producing the following long-run results and lifetime advantages:
- Attending a Catholic high school raises the probability of finishing high school and entering college by 17 percentage points for inner-city children.
- African-American and Hispanic students attending urban Catholic schools are more than twice as likely to graduate from college as their counterparts in public schools: 27 percent of African-American and Hispanic Catholic school graduates who started college went on to graduate, compared with 11 percent from urban public schools.
- When compared with their public school counterparts, minority students in urban Catholic schools can expect roughly 8 percent higher wages in the future.

Productivity

A more recent study of New York City schools confirms the stellar results of Catholic schools.

Paul Peterson of Harvard University and the Hoover Institution and Herbert Walberg of the University of Illinois compared the costs and performance of students in 88 public and 77 Catholic elementary and middle schools in the Bronx, Brooklyn, and Manhattan. They found Catholic schools are at least twice as efficient, and their students perform better on state tests.

To ensure a fair comparison, Peterson and Walberg deducted all expenditures that did not have a private school counterpart, including all monies spent on transportation, special education, school lunch, and numerous bureaucratic functions. After removing all of those expenditures—which represent nearly 40 percent of the cost of running the New York City public schools—the analysis showed public schools still spent more than $5,000 per pupil each year, compared to $2,400 spent by Catholic schools.

Test score comparisons also were revealing. When schools serving populations with similar poverty levels were compared—with special education student test scores excluded—Catholic schools outperformed public schools on state-administered math and reading tests for the third and sixth grade. Additional analyses showed test scores remained higher in Catholic schools even after adjustments were made for race and ethnicity.

Even when the attributes of families who choose to pay for private education are taken into account, other studies show African-American students from low-income schools learn more—or at least as much—at half the cost of public schools. (See Figure 2.)

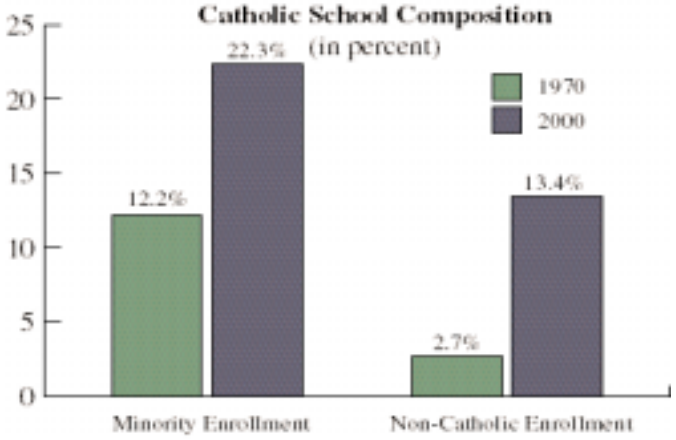
Although their enrollments have declined, the effect of Catholic schools still stands out. Catholic schools continue to contribute to the fabric of American education.

Hanna Skandera is a public affairs fellow at the Hoover Institution. Her email address is skandera@hoover.stanford.edu. Richard Sousa is an associate director at the Hoover Institution. His email address is sousa@hoover.stanford.edu. *Copyright 2002 Hanna Skandera and Richard Sousa. Reprint requests should be directed to the copyright holders.*

For more information…

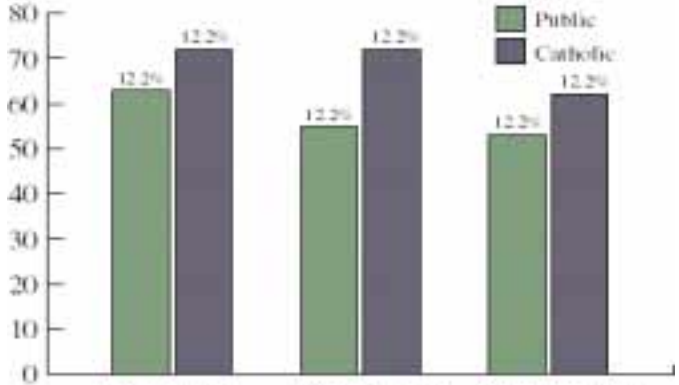
WWW The report by Nina H. Shokraii, "Why Catholic Schools Spell Success for America's Inner-city Children," Heritage Foundation Backgrounder No. 1128 (June 30, 1997), is available online at **http://www.heritage.org/library/categories/education/bg1128.html.**

Figure 1
Catholic School Composition
(in percent)



Source: National Catholic Educational Association, *United States Catholic Elementary and Secondary Schools 1999-2002.*

Figure 2
Reading Scores in Three Boroughs
Sixth Grade (in percent)



General reasoning; direct costs are shown above; statistically significant (p<.05) differences between public and Catholic schools are marked with an asterisk.
Source: State Education Department, 1997-98 School Expenditure Report.

Table 1
Catholic Elementary and Secondary School Enrollment 1919-2000

Year	Catholic elementary enrollment	Catholic secondary enrollment	Total Catholic enrollment	As a percent of public enrollment	As a percent of private enrollment
1919-20	1,795,673	129,848	1,925,521	8.9%	113%[1]
1929-30	2,222,598	241,869	2,464,467	9.6%	93.0%
1939-40	2,035,182	361,123	2,396,305	9.4%	91.8%
1949-50	2,560,815	505,572	3,066,387	12.2%	90.7%
Fall 1960	4,373,422	880,369	5,253,791	14.9%	92.6%
1970-71	3,355,478	1,008,088	4,363,566	9.5%	81.4%
1975-76	2,525,000	890,000	3,415,000	7.6%	68.3%
1980-81	2,269,000	837,000	3,106,000	7.6%	58.3%
1985-86	2,061,000	760,000	2,821,000	7.2%	50.8%
1990-91	1,883,906	591,533	2,475,439	6.0%	47.3%
1995-96	1,884,461	606,650	2,491,111	5.6%	44.0%
1996-97	1,885,037	612,161	2,497,198	5.5%	43.1%
1997-98	1,879,737	618,157	2,496,488	5.3%	42.1%
1998-99	1,876,211	620,277	2,496,488	5.3%	42.1%
1999-00	2,013,084	639,954	2,653,038	5.6%	44.2%
2000-01	NA	NA	2,650,202	5.6%	44.1%

Source: US Department of Education, National Center for Eduation Statistics, *Digest of Education Statistics, 1999*, NCES 2000-031, by Thomas D. Snyder.

[1]Data reported by the National Catholic Educational Association and data reported by the National Center for Education Statistics are not directly comparable because survey procedures and definitions differ. Note: Excludes prekindergarten enrollment.

Table 2
Catholic School Enrollment by Ethnic Background 1970 - 2000

Ethnic Background	1970	1983-84	1993-94	1994-95	1990-2000
Black Americans	6.5%	8.6%	8.4%	8.3%	7.8%
Hispanic Americans	5.2%	8.9%	10.7%	10.6%	10.7%
Asian Americans	0.5%	2.4%	4.0%	3.9%	3.5%
Native Americans	NA	0.3%	0.6%	0.4%	0.3%
All Others	NA	79.8%	76.3%	76.9%	77.7%

Source: National Catholic Educational Association. *United States Catholic Elementary and Secondary Schools 1994-95* (1995).

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IT'S ALL ABOUT MONEY & POWER

AN INTERVIEW WITH PETER R. DENTON
BY GEORGE A. CLOWES

"School reform—particularly in urban districts—has very little to do with children and education and everything to do with power and money. Disadvantaged parents do not have money and power, and therefore they cannot force competitive improvements in urban public schools the way that suburban parents can."

Energy = MC^2

Just as Einstein had a formula for transforming solid matter into energy, New Jersey engineer-businessman Peter R. Denton has a formula for transforming America's public schools into education powerhouses:

Parental School Choice = E^3

Empowering parents with school choice, Denton says, reforms public education to produce Excellent Education for Everyone.

E^3 also is the name of the organization that Denton, his wife Audrey, and Newark city councilman Cory Booker co-founded three years ago as a coalition of Garden State citizens sharing similar views on school choice despite differing religions, ethnic groups, and political allegiances. E^3 has grown rapidly to become one of the largest grassroots school choice organizations in the country, with a budget of over $2 million and a paid staff of 15 to 20 people.

Peter Denton is chairman of Denton Vacuum, a Moorestown-based high-tech firm started by his father in 1964 to serve the precision optics industry. After graduating from MIT in 1967 with a B.S. in electrical engineering and earning an MBA from Harvard Business School in 1969, he worked as a management consultant with Peat, Marwick & Livingston before taking a job to manage the finances of Donley Manufacturing, a Boston-area jewelry manufacturer.

He joined the family business in 1976 and was named president in 1982. Denton expanded the firm from 35 employees in 1976 to over 100 in 1990, with the Denton Companies now generating annual revenues of more than $20 million.

But in 1999, at the age of 53, Denton turned his successful businesses over to his managers, resigned as president, and turned his attention to reforming public education in New Jersey. Although a product of public schools himself, he had become disillusioned with them as his two children attended supposedly good suburban public schools that he came to regard as expensive, bureaucratic, and unresponsive to parents and students.

Denton's sister also provided him with further insight into public education issues through her involvement in the charter school movement in the District of Columbia. Finally, as a businessman recruiting new employees for his firm, he had found that a very large number of applicants from inner-city communities were just not literate enough to meet the requirements even of simple entry-level jobs.

Denton spoke recently with *School Reform News* Managing Editor George Clowes.

Left to right: Retired General Al Cade (former chairman of the New Jersey Higher Education Commission) and Al Bundy, both founding members of Northern New Jersey Black Alliance for Educational Options (NNJ BAEO); Dan Gaby, executive director of E^3; Boyce S. Cayman, vice president of BAEO; Dianthe Dawn Martinez, president of NNJ BAEO; Donald Bernard Sr., director of communications for NNJ BAEO; Peter Denton, founder and chairman of E^3; and Patrick Murphy, Eagleton Poll.

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CLOWES: *What was your motivation for getting involved in school reform?*

DENTON: In the mid-1990s, things were going very well in business terms and I realized I could spend another 10 years making more money or I could give something back. I decided to work on fixing the public education system in New Jersey, which is a $16 billion industry. I had no comprehension of the magnitude of the task I was undertaking.

My motivation for working on fixing the system is because it is the right thing to do. We cannot have a functioning democracy with a permanent underclass that is racially segregated both geographically and economically. It is a civil rights issue and an issue of fundamental fairness.

There's no question that, on the business side, we are impacted by the education system, but I get very concerned when people say, "Well, you only care about this because you can't get good employees for your business." In my view, that's an insulting, racist, and ignorant statement.

People who run businesses are citizens of this country. We want this country to grow and survive and be a fair place for everybody to live in. If the country does better, then obviously our business environment will be better, but we get no direct business benefit.

CLOWES: *How did you settle on parental school choice as the reform mechanism?*

DENTON: That's a key question. When I started to do this, I decided to get educated about education and I started going to conferences. I found there were two vastly different types of conferences.

One type was the professional educators who talked about the reform *du jour*. They would talk about a different textbook, or different hours per day, or different teacher certifications. But there was no interest in making any substantive changes and no interest in establishing measures of accountability. The focus was on the process and increasing the cost of the process. That meant more jobs, more money, and more contracts. To me, that is simply re-arranging the deck chairs on the *Titanic*.

"My motivation for working on fixing the system is because it is the right thing to do. It is a civil rights issue and an issue of fundamental fairness."

Now, many of us have grown up with the public education system. It never occurs to us there could be a different way until we step back and ask, "What works organizationally in our society, and what doesn't work?" We know bureaucracies don't work. We know monopolies stifle innovation and are very expensive. In this particular case, we've got a monopoly that is also a bureaucracy—the worst of all possible worlds. The public school system is a monopolistic bureaucracy.

The other type of conference had relatively few professional educators or had people that had given up on the professional education field. There would be ex-teachers and ex-superintendents who had realized good people in a monopolistic bureaucracy could not do good things. They said, "We have to look at different power relationships and different organizational structures to get education done. We have to create competition to breed efficiency and innovation."

If you look at K-12 education in New Jersey, approximately 20 percent of the schoolchildren are disadvantaged and live primarily in urban districts. Parents there have no educational options. Their children are told to go to their local neighborhood school. Those schools have no competition. They do not function. They are the worst.

The other 80 percent of the schoolchildren tend to be middle class and they live primarily in suburban and rural districts. Parents there have enough money to send their children to private schools or they can move to a district with better public schools. Because the parents have the option of moving away, those school systems have competition. They function reasonably well.

Now, you could decide, as many professional educators do, that the problems of urban schools have nothing to do with the school system and that the socioeconomic characteristics of the parents are to blame. I utterly and totally disagree with that, which I view as a racist slander. There are many, many examples of children from disadvantaged environments being educated very effectively by both public and private schools. It's a matter of having an organization that believes those children can be educated.

Getting back to your question: why school choice? School choice is simply a transference of power over the money for a child's education from the school monopoly to the parent. It empowers poor parents to get control over the public dollars allocated for their child's education in the same way that suburban parents have that power. School choice spreads fairness to all of our parents.

In our view, school reform—particularly in urban districts—has very little to do with children and education and everything to do with power and money. It's purely a question of who has money and power, and who doesn't. Disadvantaged parents do not have money and power, and therefore they have no control over their child's education. They cannot force competitive improvements in urban public schools the way that suburban parents can.

What parental school choice is all about is transferring control over the educational spending from the bureaucracy to the parents. We think that's a necessary pre-condition to all of the other reforms necessary in the school systems. You cannot implement the kinds of reforms people want unless the parents get control over what goes on in the school building by having the power to take their children and the money somewhere else.

Once parents have that power, the schools will be motivated to make substantive, real reforms. And, because the parents are always there, those reforms will stay in place over the generations.

CLOWES: *I understand urban districts in New Jersey have relatively high per-pupil expenditures. How did that come about?*

DENTON: Our state Supreme Court has ruled the urban districts must be funded to the same extent as the suburban districts. That ruling was implemented by supplementing urban district funding with state dollars. As a result, a very large proportion of urban funding now comes from the state.

Since the local school boards no longer have to answer to local taxpayers for funding, there's been no effective check on urban spending, which now is substantially in excess of suburban funding. Our statewide average is $12,000 per child, but in our urban districts, it's $15,000 per child or even higher.

Even with that spending, since the late 1970s, when the funding imbalances were corrected, there has been a continual downward trend in all performance measures for urban school districts. Graduation rates, attendance rates, college acceptance rates—any statistical measure you want to use about New Jersey urban schools—have gone down in the last 25 years, while spending has gone from substantially below suburban spending to substantially above.

New Jersey's lesson for the rest of the country is that dollars alone are not the solution. Spending more dollars with no change in control will lead to continued educational failure and bankrupt taxpayers.

CLOWES: *You want to bring school choice to parents in urban districts. What's in it for suburban families?*

DENTON: This is a basic issue of civil rights. The people who are most damaged by this school system are people of color, trapped in urban school systems. One of the comments that's been made by African-Americans is that the battle a generation ago was to go to the lunch counter. The battle today is to be able to read the menu. This is an issue of civil rights and basic fairness that everybody should be on board with.

Also, in New Jersey, it's the suburban taxpayers who are paying for the urban schools. For example, the Newark school system is about 90 percent state-funded. Suburban citizens should demand performance from those schools. It's their money. It should be spent efficiently. It should result in children being educated and becoming functioning members of society. Instead, right now, urban high schools are prep schools for prisons.

CLOWES: *There's considerable interest in helping disadvantaged urban children through privately funded scholarships and tax credit programs. Did you consider that route?*

DENTON: School reform is all about empowering poor parents; they have to control the dollars. Although the tax credit programs in Arizona and Pennsylvania have been somewhat limited to date in the total amount of money involved, I would expect them to grow to the point where they could fund choices for 5 or 10 percent of children in urban districts. I view them as school choice programs because they involve reallocating tax dollars away from the bureaucracy to the parent.

The problem is, it's not enough. We spend $400 billion a year on K-12 education, or an average of $8,000 per child for about 50 million children. Private scholarships tend to range between $1,000 and $2,000. That is not enough money for any private operator to create new schools that would be competitive with the public system.

But creating $8,000 scholarships for 10 million disadvantaged children would cost $80 billion annually. There just is not enough private charity available to provide funding of that magnitude. It has to come from reallocating control over the tax dollars currently going to public education. That's why my wife and I decided not to start a school and not to do private scholarship programs.

We're utterly impressed and supportive of all the people that have decided to do that, and we hope more people do it and continue to do it, but, at the end of the day, if you want to fix urban education, and education for disadvantaged parents, you've got to change who controls the public dollars.

CLOWES: *Do you have any suggestions for legislators who are considering education reforms?*

DENTON: First, legislators must listen to their constituents in the urban districts, where support for vouchers is very high. Second, they need to understand what parental school choice is all about. School choice is primarily an urban school reform for disadvantaged parents. It's also not the enemy of public schools, but their savior.

Our whole message at E^3 is that parental school choice is the reform mechanism for public schools. We don't have much interest in the competitive schools themselves because our entire focus is: What do you have to do to make the public schools better?

Opponents of school choice and academicians waste an inordinate amount of time trying to answer the question, "Do students that have vouchers or students that go to charter schools get better test scores than their peers in the public schools?" It is the wrong question. One hundred percent of the children in the voucher schools and the charter schools are there voluntarily. Every one of them can go back to the public schools any time they want. Asking, "How they are doing?" is irrelevant. It is the wrong question.

For example, in Milwaukee, 80 percent of the children still are in schools operated by the Milwaukee public school system. The right question is, "Are those children doing better because of parental school choice?" The answer is: absolutely. Their test scores have shown a dramatic and steady increase since 1997, when the voucher program became significant in scope.

The Milwaukee public schools also have made organizational changes to ensure that the money and resources are put in the classroom, that good teachers are in front of the students, that administrative costs are reduced, and that the school buildings are safe—everything to encourage parents to keep their children in the Milwaukee public schools. Because parents have a choice of walking out the door if they're not happy.

"We know bureaucracies don't work. We know monopolies stifle innovation and are very expensive. In this particular case, we've got a monopoly that is also a bureaucracy—the worst of all possible worlds."

The key lesson from Milwaukee is this: If you implement parental school choice, public schools get better.

CLOWES: *So the most important feature of competitive schools is not that they're good but simply that they're there to prompt the public schools to improve?*

DENTON: Exactly. Their role in this effort is to force the public schools to be good.

Many people argue only the good students will exercise choice, leaving the public schools with the less able students. In fact, the demographics of the students who leave are about the same as the demographics of the students who stay. The reason for that is very simple. If the child is having a good experience in the public school, the parent is not going to change schools. It's the students who are not having a good experience who are going to leave.

However, "creaming" does take place in urban public school systems as a result of the system's own reform efforts. The first thing that's done is to set up a magnet school or advanced classes in certain schools, or to give scholarships to the best and the brightest and take them out of the system altogether.

Creaming *is* a big problem in urban education, but it is a problem with the *public* schools, not with parental school choice. What goes on is educational triage; they pay attention to 10 or 20 percent of the children and write off the other 80 percent.

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Education Industry News

A sampling of education industry news from The Education Economy, *a weekly publication of the market research firm Eduventures, Inc., which conducts research on the pre-K-12, post-secondary, corporate training, and consumer markets worldwide. This copyrighted material is used by permission of Eduventures, Inc.*

Education Industry Investments Recover Sharply

After six straight quarters of decline, U.S. education industry investments grew by $102 million in the fourth quarter of 2001 to a total of $160 million, up from $58 million in the third quarter, according to **Eduventures, Inc.** Executive Vice President Peter J. Stokes in *The Education Economy* on January 15.

At the same time, total U.S. venture capital investments fell from $6.7 billion to $6.1 billion. The net result was a sharp increase in the education industry's share of overall venture capital investment, from only 0.9 percent in the third quarter to 2.6 percent in the fourth.

In another positive sign for the education industry, the average transaction value in the fourth quarter was $6.4 million, up 56 percent over the $4.1 million average for the third quarter. Stokes also notes *Business Week* gave "A" grades to only two industries in its 2002 "Outlook" issue: pharmaceuticals and education.

Chancellor Beacon Academies Serves 19,000 Students

On January 8, **Chancellor Academies, Inc.** and **Beacon Education Management**, operators of charter and private schools, announced a merger of the two companies. The new company, **Chancellor Beacon Academies, Inc.**, serves approximately 19,000 pre-K-12 students at 81 schools, on 46 campuses, in eight states and the District of Columbia.

The company also announced it has secured $26 million in additional funding from **Warburg Pincus** and **Goldman Sachs** for further expansion. **KinderCare Learning Centers, Inc.**, holds a minority interest in Chancellor Beacon Academies as a result of its previous investment in Beacon Education Management.

Excelligence Learning Trims Workforce

Excelligence Learning Corporation, a developer, manufacturer, and retailer of early childhood educational products, announced on December 13, 2001, it will reduce its workforce by approximately 6 percent, or 27 employees. The reduction is part of the company's previously announced reorganization.

Kaplan Acquires Schools and Test Help Tools

Kaplan, Inc., a provider of education services for individuals, schools, and businesses, announced on January 14 it will acquire **Achieva**, a company that specializes in online tools to help students in grades 6-12 improve study skills and standardized test performance.

In a separate release, Kaplan also announced it acquired **Texas Careers** in Texas, **Thompson Institute** in Pennsylvania, and **Technology Education College** in Ohio. Those schools will become part of Kaplan's higher education division.

Riverdeep, Pro-Ed Ally for Special Ed Market

On December 18, 2001, **Riverdeep Group plc**, a developer of educational software for the K-12 market, and **Pro-Ed, Inc.**, a publisher and reseller of special education products, announced a distribution alliance. Under the terms of the agreement, Pro-Ed will market and sell Riverdeep's special education software products through its worldwide distribution network, and Riverdeep will distribute and sell Pro-Ed products through Riverdeep's learningneeds.com Web site.

Scholastic Acquires Tom Snyder Productions

Scholastic Corporation, a children's publishing and multimedia company, announced on December 21, 2001, it acquired **Tom Snyder Productions**, a division of Canadian-based **Torstar Corporation** that develops and publishes interactive educational software, for $9 million. Tom Snyder Productions will be part of Scholastic's Interactive Educational Software division.

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The Learnables® smooths the way to a second language. ***Philadelphia Inquirer, April 21, 1985***

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The Learnables® the perfect course to use. ***Susan Moore, 1999, Editor's Choice***

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HOPE continued from page 1

The IRS wants to increase the paperwork burden still further by requiring the institutions to report the names, addresses, and Social Security numbers of all persons who could claim the student as a dependent. The National Association of College and University Business Officers estimated complying with all the proposed IRS regulations would have cost institutions of higher education $137 million in 1999.

"In the longer term, it is likely that the regulatory burden will become significantly worse and the financial costs to institutions of higher education will increase, along with the threat to their flexibility, autonomy, and independence," warns Thomas R. Wolanin, a senior associate for the Institute for Higher Education Policy in his April 2001 report, "Rhetoric and Reality: Effects and Consequences of the HOPE Scholarship." Wolanin was a deputy assistant secretary for legislation and congressional affairs for the U.S. Department of Education during the Clinton administration.

Complexity and compliance burdens are not trivial for the individual taxpayer, either. Filing for the education credit is not the "simple one-line entry" promoted by tax credit advocates—but an 18-line supplemental tax form with two pages of instructions and an 18-page publication.

Ill-Fitting Definitions

Although opposition from the higher education community and pressure from Congress has kept the IRS from imposing the full reporting requirements contained in the law, this situation is unlikely to endure indefinitely. Also, while the IRS has thus far deferred to the U.S. Department of Education for regulatory definitions of "undergraduate," "academic year," and "tuition," Wolanin predicts the tax collection agency will likely issue definitions of its own in the future.

"Definitions and regulations devised by the IRS are likely to be a particularly ill-fitting garment for institutions of higher education since they will be devised by tax experts interested in collecting revenue rather than experts in student aid concerned with serving students and institutions of higher education," notes Wolanin. "Such duplicate, parallel, and ill-suited definitions would dramatically increase the complexity and costs of compliance for institutions."

Confusion over definitions is inherent in the HOPE Scholarship Program, which was signed into law by President Clinton as part of the Taxpayer Relief Act of 1997. HOPE Scholarships are not "scholarships" at all, but tax credits. Despite the assertions of the Clinton administration, they are *not* modeled on the Georgia HOPE Scholarship Program—a real scholarship program.

Designed to Exclude

The federal HOPE "Scholarship" provides families with a federal income tax credit of up to $1,500 a year for two years if they pay at least $2,000 a year for higher education tuition and fees. Costing about $6 billion a year, the fledgling program already rivals the $9 billion cost of the quarter-century-old Pell Grant Program for low-income students.

The HOPE measure was promoted by Clinton as "opening the doors of college" to those who would otherwise be unable to attend. His Education Secretary, Richard W. Riley, predicted "an enrollment boost" from the program.

However, Wolanin's analysis shows the program's design excludes low-income students from participating and provides a "windfall" to middle-income students who would have enrolled in college without the tax credit.

Families who pay no federal income cannot benefit from the HOPE credit. Moreover, it is not refundable. Thus, a family with annual income less than $19,000 is not eligible for the credit. Families with incomes between $19,000 and $28,000 are eligible for a partial credit, and families with incomes above $28,000 and less than $80,000 are eligible for the full $1,500 credit.

Even if they do meet the income criteria, some low-income families still fail to qualify for a tax credit because HOPE regulations require eligible educational costs to be reduced by other grants and real scholarships first.

"Put most simply, low-income students do not qualify for the HOPE Scholarship," explains Wolanin. "Therefore, it makes no contribution toward paying their higher education expenses."

For middle-income families making between $28,000 and $80,000, the $1,500 tax credit reduces the cost of college as a percentage of income by an average of 2 percent. That is not enough to significantly change the likelihood of attending college, meaning "the HOPE Scholarship is simply a windfall to middle-income families," according to Wolanin. Those families who face the biggest burden from large and rapidly increasing college costs—families with low incomes—receive no help at all from the HOPE Scholarships.

"Contrary to the intentions of the Clinton administration, there is no evidence to date that the HOPE Scholarship increases enrollments in higher education for any income category of students or potential students," concludes Wolanin.

More Complex, Less Fair

Although it has not increased student enrollments, the HOPE program's $6 billion has provided an incentive for private and public institutions of higher education to increase tuition or reduce student financial aid. Moreover, notes Wolanin, the HOPE Scholarship fragments higher education policymaking between the Treasury and Education Departments.

> **"The HOPE Scholarship squanders a substantial sum of federal tax resources by its failure to produce significant benefits."**
> THOMAS R. WOLANIN

As a tax preference measure, this new program for middle-income families is not subject to annual review and appropriation, as are Pell Grants and other traditional aid programs for low-income students. The HOPE tax credit makes the federal tax system more complex and less fair, as well as distorting free-market decisions.

Since tax credits reduce government revenues for a given set of tax rates, the widespread use of a specific tax credit provides a perverse incentive to keep tax rates high—or even to *increase* tax rates—in order to produce sufficient revenue for other government purposes.

"The HOPE Scholarship squanders a substantial sum of federal tax resources by its failure to produce significant benefits for individuals, institutions of higher education, the states, the federal higher education policy process, or the federal and state tax systems," Wolanin concludes. In fact, he adds, the program has *negative* consequences in each of these areas.

The HOPE Scholarship is "a wrong road taken," concludes Wolanin, calling the program "a cautionary tale" that should be used to inform and guide future decisions about federal higher education policy.

For more information…

WWW Thomas R. Wolanin's April 2001 report for the Institute for Higher Education Policy, "Rhetoric and Reality: Effects and Consequences of the HOPE Scholarship," is available at the Institute's Web site at **www.ihep.com/Pubs/PDF/Hope.pdf.**

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Congress Expands Education Savings Accounts

In 2001, the U.S. Congress approved an expansion of college savings accounts to include K-12 education, and to increase the annual contribution limit from $500 to $2,000 in after-tax dollars.

The accounts, named after their foremost champion, the late Georgia Senator Paul Coverdell, allow interest to accumulate tax-free, with no taxes on withdrawals if the money is used for qualified educational expenses. Contributions to the accounts may be made by individuals, corporations, charitable organizations, and foundations.

Like all tax-benefit programs, Coverdell Education Savings Accounts are governed by rules from the Internal Revenue Service. Although the rules are scattered across three publications, the Council for American Private Education (CAPE) has helpfully consolidated the 17 relevant pages of instructions into a single document, together with the required two-page IRS Form 8606.

The CAPE consolidation and the documents from which it is derived are available from CAPE's Web site at www.capenet.org/esa.html.

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State Education Roundup

CALIFORNIA

Davis' Budget Puts Kids on Hook

A key element in California Governor Gray Davis' proposed budget for 2002-03 would require the state's children to pay for the governor's current budget deficit woes when they are grown and in their twenties, according to Pacific Research Institute Education Director Lance Izumi.

Although the proposed budget contains spending reductions of $2.7 billion, Davis's main budget-balancing strategy involves not spending cuts but $5.6 billion in loans, transfers, and other internal shifts from various state special funds to the general-fund budget.

"One of those loans will not be repaid for more than 20 years," notes *Sacramento Bee* columnist Dan Weintraub. "Children born this year would, as adults, still be paying for the operating expenses in this year's budget. That seems neither fair nor responsible, and is eerily parallel to the 'solution' Davis devised to last year's energy crisis."

Davis blames much of the state's $12.4 billion deficit on the recession and September 11, but Izumi points out that state general-fund spending surged by 37 percent during the first three years of the governor's term, while population increased by only 5 percent.

Also, when Davis presented a revised 2001-02 budget in May 2001 to address a $4.2 billion deficit, state Legislative Analyst Elizabeth Hill warned then that he was not cutting ongoing spending enough, and predicted a large deficit for 2002-03.

Capital Ideas
Pacific Research Institute
January 18, 2002

DISTRICT OF COLUMBIA

Execs Missed Goals, Still Got Bonuses

Although private companies often are criticized for giving bonuses to undeserving executives who have missed profit targets or sales goals, the public sector has its share of questionable bonus payments, too.

Congress and the Bush administration are examining $32 million in bonuses—up nearly 25 percent over the prior year—given to federal civil service executives during the final year of the Clinton administration.

Many of the bonuses, which averaged more than $11,000 per executive, went to officials whose agencies failed to meet performance standards. One such agency was the U.S. Department of Education, where 39 executives got bonuses totaling nearly a half million dollars. The bonuses were awarded despite a General Accounting Office report that said the Education Department provided "no fiscal year 2000 data for many indicators, no discussion of why goals were not met, and no strategies on how the department would reach its goals."

Fox News Channel
January 23, 2002

FLORIDA

Fundamental Principles of Government Stressed

Arguing that "reason is the strongest weapon against the mindless fear the terrorist seeks," Florida State Representative Jerry Melvin (R-Fort Walton Beach) has introduced a bill calling for the state's public school students to start each day by reciting the opening words of the Declaration of Independence. The aim of reciting the words is to serve as a reaffirmation of the American ideals of individual liberty, and to provide students with a reasoned understanding of the principles of American government.

"In writing the Declaration of Independence...Thomas Jefferson set forth in 55 words a statement of the fundamental human principles of government upon which the new nation was to be founded, and this statement continues to have resonance long after the contents of the remainder of the document have been forgotten," declares the bill's preamble.

The portion to be recited is: "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed."

"I love this country and am proud of the foundations our Founding Fathers used in putting together a Constitution and government unequaled in history," said Melvin.

Declaration Foundation
News Release, January 14, 2002

ILLINOIS

Archdiocese Will Close 14 Schools

In January, the Roman Catholic Archdiocese of Chicago announced the closing of 14 schools and hinted that two more struggling schools might be added to the list by the end of the year.

Cardinal Francis George said that after years of saying there is "a severe shortage of funds," the closings should not have come as a surprise. He maintained the school system might be smaller but it would be stronger.

"A lot of other things besides Catholic schools are downsizing these days," he told the *Chicago Tribune*.

The school system's problems are widespread: Declining enrollments, a need for additional revenue besides tuition, low teacher salaries, and schools not located where most Catholics live.

Since tuition fees do not cover the full costs of the schools, the difference historically has been made up by contributions from the archdiocese, individual parishes, and private foundations. But the archdiocese's own budget problems have curtailed its contributions in recent years.

Although officials are promoting the idea of students eventually paying the full cost of their education, they also are aware that increased tuition in 2000-01 may have contributed to the school system's 3.4 percent decline in enrollment that year—the biggest drop in 10 years. To keep tuition affordable, archdiocesan officials announced the creation of a systemwide endowment fund to support school operations. Some 70 of the 261 archdiocesan elementary schools already have established individual endowment funds.

Chicago Tribune
January 25, 2002

KENTUCKY

Teacher Credentials Now Online

If parents in Kentucky want to take a look at the credentials of their child's algebra teacher or of an administrator at their child's school, they need look no further than the Internet.

In January, the Kentucky Education Professional Standards Board, an independent agency attached to the Office of the Governor, established the Teacher Certification Inquiry Website, which shows the educator's teaching certificates and the subjects and grades the teacher has the permission to teach.

Although creation of the Web site was spurred by concern about "out of field" teaching—where, for example, a gym teacher might be assigned to teach history—only 18 teachers in the state currently are teaching out of field, compared to as many as 10 percent of the state's teachers in 1998.

"There's no reason parents shouldn't know what teachers are qualified for," parent Robert Jenkins told the *Lexington Herald-Leader*. "I think especially if there was a problem with a particular teacher, it would be a resource to use."

The URL for the Web site is www.kde.state.ky.us/otec/epsb.

Lexington Herald-Leader
January 16, 2002

MICHIGAN

Deficit Forces Detroit Public Schools to Cut Jobs

Facing an estimated budget deficit of between $122 and $135 million, Detroit Public Schools officials have laid off 69 maintenance workers,

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privatized the management of maintenance operations, and cut 70 of 277 upper-level administrative positions. In total, the district has eliminated 688 jobs because of the looming shortfall. That number would have been 3,000 higher if the maintenance operations themselves had been privatized.

Five of the administrators will be assigned to fill empty principal positions, but most will be reassigned to classrooms, where—under the rules of seniority—they will bump others from their jobs. The employees with least seniority will be laid off. District chief of staff LaVonne Sheffield pointed out there was "a silver lining" to everything.

"We're going to have more certified teachers in the classroom," she said, noting the district now has about 1,300 non-certified teachers in classrooms.

Parents seemed to agree. "If you have to save money, save it at the top," Maxine Wright told the *Detroit Free Press*. "Get rid of the upper echelon and leave the teachers alone," she said.

Detroit Free Press
January 17, 2002
January 19, 2002

NEW HAMPSHIRE

House Declares State Supreme Court Was Wrong

A 55 percent majority of New Hampshire House members voted in January to support a resolution declaring that recent state supreme court rulings on school finance in 1993 and 1997 were wrong. The measure, which has no legal effect, is seen by supporters as the first shot in a battle by the state legislature to reassert its control over school funding.

"The court is wrong and today we are doing something," said House Ways and Means Committee Chairman David Alukonis (R-Hudson).

In 1997, the state supreme court ruled that funding public education through local property taxes with widely varying rates was unconstitutional since public education was a state responsibility requiring a uniform statewide tax. Although the court did not tell the legislature how much to spend on education or how to raise taxes to pay for it, legislators reluctantly adopted a statewide property tax in response to the court ruling.

As a result, towns with high property values have seen very large increases in real estate taxes, while towns with low property values have seen substantial decreases. Voters from the so-called "wealthy" towns advocate constitutional amendments to put the legislature back in charge of funding decisions.

"We are changing a philosophy of subservience," said Judiciary Committee chairman Henry Mock.

Foster's Online
January 18, 2002

NEW JERSEY

History Standards Omit Historical Figures

The latest revision of the New Jersey Department of Education history standards omits major historical figures and substitutes the word "conflict" for "war" in material dealing with the colonization of the New World and the later expansion of the United States.

The state's existing history standards, approved in 1996, already exclude most historical figures and had been rated "F"—"useless"—by the Thomas B. Fordham Foundation.

The revised standards now also exclude: the Pilgrims and the Mayflower, George Washington, Thomas Jefferson, and Benjamin Franklin. However, some new names were added, such as slavery opponents Theodore Dwight Weld and Angeline and Sarah Grimke.

The exclusion of the Founding Fathers' names is "political correctness at the end of the nth degree," commented Penn State University education professor David Saxe, who reviews state history standards for the Fordham Foundation.

But Jay Doolan, acting assistant commissioner of the state's Division of Academic and Career Standards, said the standards would undergo 20 public hearings before approval. If people are upset with the new standards, he said, "then they should let us know at the public hearings."

Washington Times
January 28, 2002

PENNSYLVANIA

Parents Will Choose Tutors in Governor's New Program

Parents in Pennsylvania now have access to a new and innovative program to help their poorly achieving schoolchildren get the additional educational support and tutoring they need.

The program, established by Governor Mark Schweiker's administration, offers parents of eligible children in grades three through six grants of up to $500 to purchase after-school tutoring in math or reading.

"We believe parents deserve choices when it comes to their children's education," said Schweiker's Education Secretary Charles B. Zogby. "And we built 'Classroom Plus' on that idea—give the grants directly to parents, and let them choose the best way to get their children the extra help they need."

Qualified applicants will receive grant certificates together with a list of approved providers. When a student completes the program, the provider completes verification information on the certificate, which the parent then redeems for up to $500 through the Department of Education. Pennsylvania is the only state in the country to offer this type of program to parents.

Providers may include public schools; colleges and universities; certified teachers employed by a school entity; private schools; and nonprofit or for-profit organizations, such as the YMCA, Boys/Girls Clubs, or Huntington Learning Centers. A complete list of approved providers is available on the PA PowerPort at www.state.pa.us, with keyword "tutoring grants."

Pennsylvania Department of Education
News Release, January 25, 2002

VERMONT

Expansive School Choice Bill Introduced

Three school choice supporters, Vermont State Senators Hull Maynard (R-Rutland), Julius Canns (R-Caledonia), and William Corrow (R-Orange), introduced an expansive school choice bill on January 9. The measure, S. 227, is designed to reimburse parents for expenses they incur in educating their children.

Specifically, the bill would require school districts to pay up to "an amount equal to 50 percent of the calculated net cost per pupil in average daily membership" to parents who choose to send their children to any approved sectarian or nonsectarian public or independent school. The money would be in the form of reimbursements after the school year was completed. Home study parents also would qualify for reimbursements.

The bill's preamble notes that "parents are the natural guardians of their children" and points out the Vermont constitution not only requires towns to maintain public schools but—in the same section—also provides for the encouragement and protection of "all religious societies of bodies of people that may be united or incorporated for the advancement of religion *and learning*" (emphasis added in bill).

Vermont Education Report
January 14, 2002

WASHINGTON

Judge Raises Teacher Union Penalty to $770,000

Judge Gary Tabor ordered the Washington Education Association to reimburse the state $190,000 in legal fees related to the union's illegal use of agency fees for political purposes. Coupled with a previously assessed $400,000 fine and a $180,000 reimbursement to feepayers, WEA's bill now stands at $770,000. (See "WA Teacher Union Found Guilty," *School Reform News*, October 2001.)

The penalty is by far the largest ever imposed in Washington for campaign finance violations, approached only by a previous $430,000 penalty for similar infractions charged to WEA in 1998. The union will appeal.

Education Intelligence Agency Communiqué
January 7, 2002

NEA Refunds Paycheck Deductions

The National Education Association (NEA)—the largest teacher union in the nation—is sending thousands of Washington state teachers a refund for money taken from their paychecks and spent on political purposes. The NEA's state affiliate, the Washington Education Association (WEA), was recently charged $770,000 in penalties for illegally spending money taken from non-member teachers on politics. The court ordered the union to send refund checks totaling $180,000 to the 4,000 teachers involved, and to reduce mandatory non-member fees by eight percent.

EFF believes that no teacher should be forced—against his or her will through mandatory dues and fees—to support the political goals of union officials.

"This is a major victory in the battle for free speech and fair elections, but it is only the first step," said BobWilliams, EFF president. "Our investigation leads us to believe the NEA spends nearly 100 percent of the dues it collects on activities not related to collective bargaining, contracts, or grievances."

Evergreen Freedom Foundation
January 23, 2002

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Figure 1

Flat Education Achievement for the Last Three Decades

National Assessment of Educational Progress

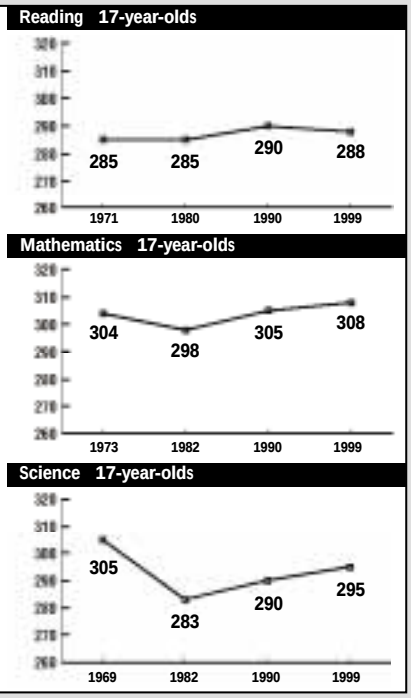

Figure 2

Pupil/Teacher Ratio in Public Schools

Productivity down 27% over 30 years

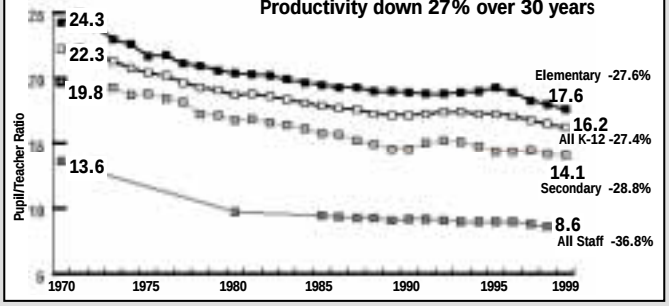

Figure 3

U.S. High School Graduation Rates

Total includes dropouts who receive GEDs

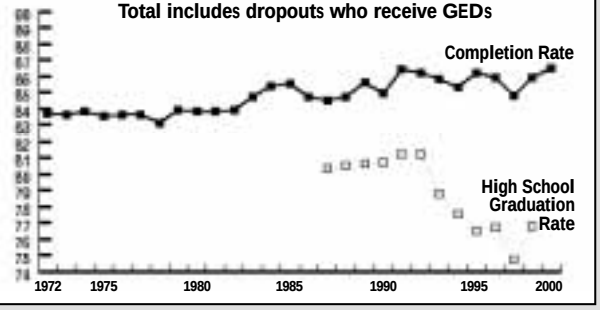

Figure 4

Cost to Produce a High School Graduate in Various School Systems

	K-12	Per Pupil Spending	Graduation Rate	
Cleveland	13 x	$6,403 /	28% =	$297,282
Milwaukee	13 x	$8,067 /	43% =	$243,886
Columbus	13 x	$6,822 /	45% =	$197,080
Chicago	13 x	$6,617 /	47% =	$183,023
Dist. of Columbia	13 x	$8,392 /	60% =	$181,827
Memphis	13 x	$5,349 /	42% =	$165,564
Boston	13 x	$10,293 /	82% =	$163,182
Georgia	13 x	$5,647 /	57% =	$128,791
Montgomery City, MD	13 x	$8,287 /	85% =	$126,742
Fairfax County, VA	13 x	$7,544 /	87% =	$112,726
Tennessee	13 x	$4,937 /	59% =	$108,781
U.S.	13 x	$6,189 /	74% =	$108,726
Wisconsin	13 x	$7,105 /	87% =	$106,167
Mississippi	13 x	$4,325 /	60% =	$93,708
Iowa	13 x	$6,121 /	93% =	$85,562
Virginia Beach, VA	13 x	$5,142 /	80% =	$83,558
Albuquerque, NM	13 x	$4,841 /	83% =	$75,823
Jordan, UT	13 x	$3,643 /	80% =	$51,199

Productivity in Public Education

Examining the inputs and outputs of K-12 schooling

BY GEORGE A. CLOWES

Productivity is the rate of output per unit of input. In most instances, productivity means labor productivity: the quantity of output produced by a given quantity of labor. For example, if an employer gives two workers the same tools and equipment to perform the same task, such as assembling circuit boards, the worker who assembles more operational boards in a given hour is said to be more productive.

In a market economy, a highly productive worker commands higher pay than a less-productive worker. Improvements in workflow procedures and investments in technology allow workers to increase their productivity.

Labor productivity may be increased by changing one or more of its three components:

- by producing a larger quantity of the same quality output;
- by producing the same quantity of a higher quality output; and
- by producing fewer rejects.

Increased productivity is a key fuel for economic growth, since it permits employers to pay higher wages for the same hours of work. In the U.S. economy, wage increases in the non-farm business sector over the past 30 years have been made possible by a 74 percent increase in output per hour, from 67.0 in 1970 to 116.6 in 2000, according to data from the Bureau of Labor Statistics.

Using the circuit board analogy, that productivity increase means a worker in 2000 assembles 74 percent more circuit boards per hour—say, 174 versus 100—than the same worker did in 1970.

K-12 Education Quality

The same rules governing productivity are applicable to K-12 education, even though the work product is high school graduates rather than circuit boards. Labor productivity in education may be increased by producing either a larger quantity of the same quality graduates, the same quantity of higher quality graduates, or fewer non-graduates.

Is public education producing higher quality graduates? That question may be addressed by examining the test scores of 17-year-olds in the National Assessment of Educational Progress (NAEP), which provides an ongoing "Report Card for the Nation" on student achievement in reading, mathematics, and science. It is the only ongoing, nationally representative assessment of academic performance in the nation's K-12 schools.

In all three subject areas, NAEP test scores for 17-year-olds show virtually no change from the 1969-73 period until the most recent tests in 1999. From a productivity point of view, the quality of education being delivered today is essentially unchanged in quality over the past three decades. (See Figure 1.)

Teacher Productivity

In K-12 education, the work product is not circuit boards per hour but high school graduates per K-12 education cycle. In more measurable terms, the education work product is the addition of a grade level of learning to each student for each year of school attendance. And just as circuit boards are tested at each stage of their manufacture to ensure they will function properly at the next stage, most students are tested at the end of each school year to determine if they have acquired the skills and knowledge to function properly at the next grade level.

However, there is a significant difference between the production of circuit boards and student learning. Whereas a worker who assembles circuit boards produces them sequentially, one after another, a teacher who produces student learning does it in parallel, to a class of 10, 15, 25, 35, or more. Thus, the number of stu-

continued at right

For more information…

WWW Bureau of Labor statistics are available at the BLS Web site. Point your browser to **www.bls.gov/lpc/lpcover.htm**, then click on "historical time series."

The Manhattan Institute report by Jay P. Greene, "High School Graduation Rates in the United States," prepared for the Black Alliance for Educational Options, is available on the Manhattan Institute's Web site at **http://www.manhattan-institute.org/html/cr_baeo.htm**.

Pupil/Teacher Ratios and Per-Pupil Expenditure data are published by the National Center for Education Statistics at the U.S. Department of Education and are available from the NCES Web site in the document, "Early Estimates of Public Elementary and Secondary Education Statistics: School Year 2000-2001," at **http://nces.ed.gov/pubs2001/2001331.pdf**.

Data for large U.S. school districts also are available from NCES in the report "Characteristics of the 100 Largest Public Elementary and Secondary School Districts in the United States: 1999-2000," available at **nces.ed.gov/pubs2001/100_largest/index.asp**.

Data from the National Assessment of Educational Progress are published by the National Center for Education Statistics at the U.S. Department of Education and are available from the NCES Web site using the NAEP Data Tool at **http://nces.ed.gov/nationsreportcard/naepdata**.

The December 2001 report from the Education Trust, authored by Craig D. Jerald and titled "Dispelling the Myth Revisited: Preliminary Findings from a Nationwide Analysis of 'High-Flying' Schools," is available from the Trust's Web site at **www.edtrust.org.**

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PRODUCTIVITY continued

dents per teacher, or the pupil/teacher ratio, provides a ready measure of the productivity of the system as a whole.

According to the U.S. Department of Education, the pupil/teacher ratio in public schools fell from 22.3 in 1970 to 14.1 in 1999, a decrease of 27.4 percent. Elementary and secondary schools experienced similar decreases over the same period, from 24.3 to 17.6 for elementary schools and from 19.8 to 14.1 for secondary schools. The overall pupil/staff ratio fell from 13.6 in 1970 to 8.6 in 1998, an even larger decrease of 36.8 percent. (See Figure 2.)

When coupled with the static student achievement levels, the drop in pupil/teacher ratio indicates K-12 public education at all grade levels has become significantly less productive than it was three decades ago. In 1999, public schools required 50 percent more staff in total—including a third more teachers—to educate the same number of children to the same level of quality as they did in 1970. Thus, while productivity in the economy as a whole increased by 74 percent, productivity in K-12 education fell by 27 percent.

Class-Size Reduction

Although pupil/teacher ratio is not the same as class size, the two are closely related, and a reduction in class size has the same negative effect on productivity as a reduction in the pupil/teacher ratio. Despite its detrimental effect on productivity, reducing class size is widely promoted by public school educators as a means of improving student achievement, i.e., product quality.

However, research studies provide no support for this reform strategy, according to Stanford University economist Eric Hanushek. Most of the more than 200 studies examined by Hanushek show an insignificant effect of class size on student achievement, and the rest report a balance of positive and negative effects.

As well as the flat national NAEP test scores since the 1970s, state-level NAEP scores in mathematics, science, and reading all show no relationship to pupil/teacher ratio, despite a two-fold variation in the ratio, from 11.9 in Vermont to 22.1 in Utah.

For example, in the 2000 NAEP mathematics test, Nebraska and Oregon produced similar percentages of eighth-graders scoring at proficient or above—31 percent and 32 percent respectively—yet Nebraska had 13.7 pupils per teacher, while Oregon had 19.6. In the same test, Kentucky and Minnesota had similar pupil/teacher ratios—15.3 and 15.1 respectively—yet only 21 percent of Kentucky's students scored at proficient or above compared to 40 percent of Minnesota's students.

High School Graduation Rate

Although the flat NAEP test scores and the decline in pupil/teacher ratio indicate a decrease in public school productivity since the 1970s, school productivity could have increased if today's public schools were graduating a higher percentage of their students with high school diplomas. Is that the case?

According to government reports, the U.S. high school completion rate increased from 82.8 percent in 1972 to 86.5 percent in 2000. While this increase appears to show the productivity of the K-12 education system has increased, a closer examination of completion rates suggests high school graduation rates may be lower now than in 1972.

That is because the reported "completion rate" is not the same as the high school graduation rate, which may be significantly lower. In fact, a recent study by Jay P. Greene of the Manhattan Institute computes a national graduation rate of only 74 percent for the class of 1998. (See "Study Exposes Severity of School Dropout Problem," *School Reform News*," January 2002.) (See Figure 3.)

Completion rate includes not only students who received a diploma at the end of their high school careers, but also students who dropped out of high school before receiving a diploma and subsequently secured a General Educational Development credential outside of the K-12 educational system.

Young people who complete their high school education with a GED are analogous to circuit boards that come off the production line in non-working order and are made functional only by the application of additional corrective work.

Cost Per Finished Student

While per-pupil spending is frequently used to compare how much taxpayers put into different school districts, dividing this figure by a district's high school graduation rate provides a means to compare how productively each district is using those tax dollars to create high school graduates. That measure was proposed by former Associate U.S. Commissioner for Elementary and Secondary Education Leon M. Lessinger. (See "New Measure Calculates Cost Per Prepared Student," *School Reform News*, September 1998.)

"We have not been including the cost of our 'scrap'—students who cannot function in today's society—and therefore we do not arrive at the full cost of our education system," says Lessinger, arguing the cost-per-prepared-student statistic permits taxpayers to measure the effective contribution of schools to the good of society and to the community.

When per-pupil expenditures for the 1997-98 school year are divided by Greene's high school graduation rates, the resulting cost per finished graduate varies significantly across school systems and states. For example, although Cleveland's cost per student is only slightly above the U.S. average, the Ohio city spends almost three times the U.S. average—$297,282 versus $108,726—to produce each graduate. By contrast, Utah's Jordan school district produces each finished graduate for just over half the U.S. average, or $59,199. (See Figure 4.)

"Disadvantaged" Raw Material

If the quality of the raw materials used in an industrial process falls, more value usually must be added in the production process for the quality of the end product to be maintained at the same level as before.

That frequently results in a temporary reduction in productivity, either because of increased rejects or because of the additional remedial work needed to bring the raw materials up to the required standard before they can be used in the production process. However, as these new elements are incorporated into the production process, productivity usually is restored to its previous level.

The term "lower quality input" isn't used in K-12 education, but a large number of public school students are regarded as "disadvantaged" by one or more characteristics, such as minority status, coming from a low-income household, not speaking English at home, and having parents who aren't highly educated. Many educators claim such students cannot achieve at the level expected of the average "advantaged" student unless significant additional resources are applied to their education.

Three years ago, Samuel Casey Carter, a Bradley Fellow at The Heritage Foundation, interviewed more than 100 principals at schools that scored in the top one-third in national exams but where more than 75 percent of the students came from low-income families. His conclusion: Children from all income levels can excel—it all depends on the attitude of the school, not the demographics of the student.

The Education Trust surveyed 366 high-poverty, high-minority, high-performance schools that same year and, in a report titled "Dispelling the Myth," reached the same conclusion.

In a follow-up report last December, the Trust buttressed the point that all children can excel by identifying more than 4,500 schools that achieve high levels of performance with high-poverty, high-minority student bodies totaling more than 2 million. The traits of the schools are the determinants of student success, not the traits of the students.

"When coupled with the static student achievement levels, the drop in pupil/teacher ratio indicates K-12 public education at all grade levels has become significantly less productive than it was three decades ago."

Administrators at New York City's Baruch College came to a similar conclusion about a broader range of students when they decided to eliminate remedial education some years ago. They found the need for remedial education was not correlated with a student's economic, social, or cultural background, but with the high school the student attended. (See "Is Remedial Ed Necessary?" *School Reform News*, November 1999.)

With regard to educational productivity, this means the quality of the incoming student is much less important than the nature of the educational process that takes place in the school. School trumps demographics.

Next month: How to increase student achievement without increasing spending.

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President Bush's Education Bill

The No Child Left Behind Act of 2001

The U.S. Department of Education has placed information on President Bush's new education bill online at www.ed.gov/offices/OESE/esea. The following information is based on the Fact Sheet from that site.

A few days after taking office in January 2001, President George W. Bush asked members of Congress to focus on how to use the federal role in education to close the achievement gap between disadvantaged and minority students and their peers.

The resulting bill that he signed almost a year later, the *No Child Left Behind Act of 2001*, H.R. 1, redefines the federal role in K-12 education with the aim of helping improve the academic achievement of all students. It is the most significant reform of the Elementary and Secondary Education Act (ESEA) since it was enacted in 1965.

The bill's reforms embody four principles:

- stronger accountability for results;
- expanded flexibility and local control;
- expanded options for parents; and
- an emphasis on teaching methods that have been proven to work.

The following are some of the key provisions of H.R. 1, the *No Child Left Behind Act*.

Stronger Accountability for Results

More Tests: H.R. 1 will result in the creation of assessments in each state that measure what children know and learn in reading and math in grades 3-8. Student progress and achievement will be measured according to tests that will be given to every child, every year.

More Feedback: H.R. 1 will empower parents, citizens, educators, administrators, and policymakers with data from those annual assessments. The data will be available in annual report cards on school performance and on statewide progress. They will give parents information about the quality of their children's schools, the qualifications of teachers, and their children's progress in key subjects.

More Comparisons: Statewide reports will include performance data disaggregated according to race, gender, and other criteria to demonstrate not only how well students are achieving overall but also progress in closing the achievement gap between disadvantaged students and other groups of students.

Expanded Flexibility and Local Control

Less Red Tape: To cut down on federal red tape and bureaucracy and enhance local control, H.R. 1 will reduce the overall number of ESEA programs at the U.S. Department of Education from 55 to 45.

Fewer Approvals: For the first time, H.R. 1 will offer most local school districts in America the freedom to transfer up to 50 percent of the federal dollars they receive among several education programs without separate approval.

More Freedom: For the first time, all 50 states will also have the freedom to transfer up to 50 percent of the non-Title I state activity funds they receive from the federal government among an assortment of ESEA programs without advance approval.

More Flexibility: H.R. 1 will allow the creation of up to 150 local flexibility demonstration projects for school districts interested in obtaining the flexibility to consolidate all funds they receive from several programs in exchange for entering into an agreement holding them accountable for higher academic performance.

More Options: Up to seven states will have new flexibility in the use of their non-Title I state-level federal funds in a variety of categories in the form of waivers from federal requirements relating to a variety of ESEA programs. States participating in the new demonstration projects will also be able to coordinate their efforts with local school districts through state-local "flexibility partnerships" designed to make sure federal education funds are being used effectively to meet student needs.

Rural Input: H.R. 1 will give local school officials serving rural schools and districts more flexibility and a greater say in how federal funds are used in their schools.

Expanded Options for Parents

Escape Ladders: H.R. 1 creates meaningful options for parents whose children are trapped in failing schools and makes these options available immediately.

Public School Choice: Parents with children in failing schools would be allowed to transfer their child to a better-performing public or charter school immediately after a school is identified as failing.

Supplemental Services: Federal Title I funds (approximately $500 to $1,000 per child) can be used to provide supplemental educational services—including tutoring, after-school services, and summer school programs—for children in failing schools.

Charter Schools: H.R. 1 expands federal support for charter schools by giving parents, educators, and interested community leaders greater opportunities to create new charter schools.

Emphasizing Teaching Methods that Work

Reading Instruction: H.R. 1 authorizes an increase in federal funding for reading from $300 million in Fiscal Year 2001 to more than $900 million in Fiscal Year 2002 and links that funding to scientifically proven methods of reading instruction through the President's Reading First plan.

Teacher Quality: H.R. 1 asks states to put a highly qualified teacher in every public school classroom by 2005. The bill also makes it easier for local schools to recruit and retain excellent teachers. The bill also creates a new Teacher Quality Program.

"[T]he No Child Left Behind Act of 2001 ... is the most significant reform of the Elementary and Secondary Education Act (ESEA) since it was enacted in 1965."

Spending Flexibility: In addition to specific funds for teacher quality, H.R. 1 will give local schools new freedom to make spending decisions with up to 50 percent of the non-Title I federal funds they receive. With this new freedom, a local school district can use additional funds for hiring new teachers, increasing teacher pay, improving teacher training and development, or other uses.

Other Provisions

Confirming Progress: Under H.R. 1 a small sample of students in each state will participate in the fourth- and eighth-grade National Assessment of Educational Progress in reading and math every other year in order to help the U.S. Department of Education verify the results of statewide assessments required under Title I to demonstrate student performance and progress.

Learning English: H.R. 1 consolidates the U.S. Department of Education's bilingual and immigrant education programs in order to simplify program operations, increase flexibility, and focus support on enabling all limited English proficient (LEP) students to learn English as quickly and effectively as possible. The new Act will focus on helping LEP students learn English through scientifically based teaching methods.

Tests in English: Under H.R. 1, all LEP students will be tested for reading and language arts in English after they have attended school in the United States for three consecutive years. Parents will be notified if their child demonstrates limited English proficiency and is in need of English language instruction.

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